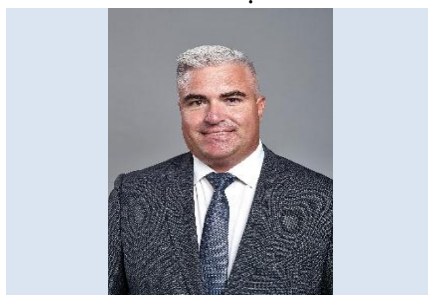




RETHINKING REGIONAL DEVELOPMENT THROUGH INTEGRATED TERRITORIAL GOVERNANCE IN THE DIGITAL ERA



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Received: June 27, 2026

Accepted: August 19, 2026

Online Published: September 8, 2026

ABSTRACT

Regional development is increasingly shaped by digital transformation, demographic change, climate pressures, territorial inequalities and growing interdependencies between institutions, businesses and local communities. These dynamics challenge conventional regional policies based on sectoral interventions, administrative boundaries and relatively static planning mechanisms. This study examines the transition from integrated territorial development towards integrated territorial governance as an emerging model for regional policy in the digital era. The aim is to develop a conceptual framework that connects territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity. The study applies a conceptual and institutional analytical approach, combining contemporary theoretical perspectives on place-based development and territorial governance with an examination of the evolving regional development system in Bulgaria. The analysis indicates that effective territorial integration extends beyond the coordination of investment instruments and requires a governance architecture capable of linking institutions, policies, territorial knowledge and decision-making processes. Digital technologies and data-driven analytical tools strengthen this architecture by supporting territorial diagnosis, monitoring, forecasting and policy adaptation. Based on these relationships, the article proposes an Integrated Territorial Governance Framework structured around five interconnected dimensions: territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity. The framework contributes to the regional development literature by conceptualising integrated territorial governance as a transition from sectoral and programme-oriented interventions towards a more adaptive, collaborative and territorially sensitive model of public governance.

Keywords: integrated territorial governance, regional development, digital transformation, multilevel governance, adaptive governance

JEL classification: R58, R11, H77, O33

Paper type: Research article

Citation: Nikolov, G. (2026). Rethinking regional development through integrated territorial governance in the digital era. *Bulgarian Journal of Business Research*, 37(2), 175-206, DOI: 10.46656/bposoki.2026.37.2(5)



INTRODUCTION

Regional development is undergoing a profound transformation driven by digitalisation, demographic change, climate pressures, growing territorial inequalities and the increasing complexity of interactions between public institutions, businesses and local communities. Traditional approaches based predominantly on sectoral interventions, administrative boundaries and centrally designed development instruments are becoming less capable of addressing the differentiated challenges faced by regions. Contemporary territories function as interconnected socio-economic systems in which economic performance, infrastructure, human capital, environmental sustainability, institutional capacity and technological development interact continuously. Regional policy therefore increasingly requires governance models capable of integrating these dimensions within a coherent territorial framework.

This transformation also changes the role of the state in regional development. Public authorities are no longer expected merely to redistribute resources among territories or implement sector-specific programmes. They are increasingly required to coordinate multiple actors, combine policy instruments, use territorial data, anticipate emerging challenges and adapt interventions to rapidly changing socio-economic conditions. Regional development consequently becomes not only a matter of public investment but also a question of governance capacity. The ability of institutions to coordinate policies, mobilise local resources, develop partnerships and respond to territorial change can determine whether regions are capable of transforming economic and technological opportunities into sustainable development outcomes.

The integrated territorial approach has emerged as one response to this challenge. It seeks to overcome the fragmentation of conventional sectoral policies by combining economic, social, infrastructural and environmental interventions according to the characteristics and development potential of individual territories. This approach also reflects a broader transition from hierarchical government towards multilevel and collaborative governance involving national authorities, regional institutions, municipalities, businesses, universities, civil society organisations and local communities. Territorial development is therefore increasingly shaped by networks of actors rather than by the decisions of a single administrative level.

Despite this evolution, an important conceptual problem remains. Integrated territorial development is frequently interpreted primarily as a mechanism for coordinating investment programmes or combining funding instruments. Such an interpretation captures only part of its potential. Integration may also represent a deeper transformation of regional governance in which the territory, rather than the individual administrative sector, becomes the principal unit around which public policies are coordinated. From this perspective, integrated territorial governance is not simply a method for implementing development projects but a governance model capable of linking strategic planning, institutional coordination, territorial knowledge, stakeholder participation and adaptive decision-making.



Digital transformation reinforces this transition. The growing availability of territorial data, geographic information systems, digital platforms, artificial intelligence and predictive analytical tools creates new opportunities for understanding regional dynamics and supporting policy decisions. Public institutions can increasingly monitor demographic processes, mobility, economic activity, infrastructure performance and environmental pressures through interconnected data systems. Regional governance can consequently evolve from predominantly periodic and document-based planning towards more continuous forms of monitoring, analysis and adaptation.

However, technological capacity alone does not generate better regional development. Digital instruments become effective when they are embedded within institutional arrangements capable of transforming information into coordinated public action. The emerging challenge is therefore not simply the digitalisation of regional administration but the integration of technology, institutional capacity, strategic planning and stakeholder participation into a coherent governance architecture. This requires a shift from static territorial planning towards adaptive governance capable of responding to changing regional conditions.

The Bulgarian regional development system provides a relevant setting in which to examine this transformation. The country combines persistent territorial disparities with an evolving institutional framework for integrated territorial development. Regional development councils, municipal authorities, national institutions and other stakeholders increasingly participate in mechanisms intended to coordinate investments and development priorities. At the same time, the practical implementation of integrated territorial approaches reveals the continuing challenge of moving from formal strategic planning towards operational coordination between policies, institutions and territorial needs.

Against this background, the article addresses the following research question: How can integrated territorial governance provide a conceptual framework for transforming regional development policy in the digital era?

The aim of the study is to develop and discuss a conceptual framework for integrated territorial governance that connects territorial integration, multilevel institutional coordination, stakeholder participation, digitalisation and adaptive policy-making. Rather than treating these dimensions as separate characteristics of contemporary regional policy, the study considers their interaction as the foundation of an emerging governance model.

The central proposition is that contemporary regional development requires a transition from sectoral policy coordination towards an integrated territorial governance system. Such a system combines five interrelated dimensions: territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity. Their interaction enables regional institutions not only to plan



development but also to monitor territorial change, coordinate interventions and adjust policies in response to new economic, social, technological and environmental conditions.

The article contributes to the regional development literature in three respects. First, it extends the interpretation of the integrated territorial approach beyond its conventional association with investment coordination and funding mechanisms by conceptualising it as a broader governance model. Second, it introduces digital intelligence and adaptive capacity as integral components of territorial governance rather than external technological factors. Third, it connects the conceptual discussion with the institutional experience of regional development in Bulgaria, providing a framework that may also be relevant to other European regions facing territorial disparities and governance fragmentation.

The remainder of the article is structured as follows. The next section reviews the theoretical evolution from traditional regional policy towards integrated and place-based approaches. The third section develops the conceptual framework of integrated territorial governance. The methodology section explains the analytical design and the use of the Bulgarian regional development system as an institutional case. The subsequent sections present and discuss the results of the analysis and their implications for regional policy and governance. The article concludes by identifying the broader implications of integrated, digital and adaptive territorial governance for the future of regional development.

LITERATURE REVIEW

1. From Traditional Regional Policy to Place-Based Development

The theoretical understanding of regional development has evolved considerably over the last decades. Early regional policy approaches were largely concerned with correcting spatial disparities through redistribution, infrastructure investment, industrial location incentives and support for economically lagging territories. Within this paradigm, regional inequalities were frequently interpreted as spatial manifestations of differences in capital accumulation, accessibility, labour productivity and industrial concentration. Public intervention was therefore expected to compensate for structural disadvantages and stimulate economic convergence between territories.

The emergence of endogenous development theories introduced a different interpretation of regional dynamics. Instead of considering territories primarily as recipients of national policy interventions, endogenous approaches emphasised their capacity to mobilise local resources, knowledge, entrepreneurship, institutional networks and human capital. Regional development increasingly came to be understood as a process generated through interactions among firms, public institutions, universities, communities and other territorial actors. This theoretical evolution contributed to a broader shift from predominantly redistributive regional policy towards development strategies based on territorial potential and locally embedded capabilities.

The place-based approach represents a further development of this intellectual trajectory. Its central premise is that development opportunities and constraints are geographically differentiated and that public policies should therefore respond to the institutional, economic, social and environmental characteristics of individual territories. Barca, McCann and Rodríguez-Pose (2012) argue that place-based development requires policy interventions that recognise the diversity of territorial conditions rather than relying exclusively on spatially neutral instruments. This perspective places greater emphasis on local knowledge, institutional quality and interaction between different levels of government.

Recent OECD research reinforces this interpretation. Place-based policies are increasingly regarded as necessary complements to national macroeconomic and sectoral policies because spatially blind interventions alone may be insufficient to address persistent territorial disparities. Effective place-based strategies seek to mobilise underutilised regional assets, improve the provision of local public goods and respond to geographically differentiated economic, social and environmental challenges (OECD, 2025). The growing importance of climate change, technological transformation, demographic change and exposure to economic shocks further strengthens the need for territorially differentiated policy responses.

This shift also changes the conceptual position of the region itself. The region is no longer understood merely as an administrative territory within which national policies are implemented. It increasingly functions as a complex socio-economic system characterised by flows of people, capital, knowledge, services and information. Functional relationships frequently extend beyond formal administrative boundaries, creating new spatial configurations that require flexible governance arrangements. Contemporary territorial governance therefore needs to respond not only to formally defined regions but also to functional urban areas, metropolitan systems, cross-border territories and other spatial networks.

The increasing relevance of functional geographies is reflected in contemporary European territorial research. ESPON studies emphasise that economic, environmental and social interdependencies frequently cross conventional administrative borders and require governance mechanisms capable of coordinating actors across multiple territorial scales. This development reinforces the transition from government organised primarily through administrative jurisdictions towards territorial governance structured around functional relationships and shared development challenges.

2. Integrated Territorial Development and Policy Coordination

The growing complexity of regional development has strengthened interest in integrated territorial approaches. Traditional sectoral policy systems tend to divide public intervention into separate domains such as transport, economic development, education, environmental protection, social policy and infrastructure. Although administratively convenient, this fragmentation can generate weak coordination between interventions and reduce their combined territorial impact.

Integrated territorial development attempts to overcome this limitation by organising public intervention around the needs and potential of territories rather than around individual administrative sectors. Economic development, infrastructure, human capital, environmental sustainability and public services are therefore treated as interdependent components of a broader territorial development system.

The importance of this approach has become increasingly visible within European Cohesion Policy. Integrated Territorial Investments, Community-Led Local Development and other territorial instruments provide mechanisms through which different policy priorities and financial resources can be combined within territorially defined strategies. Recent evidence from the European Commission's Joint Research Centre demonstrates the growing scale of this approach. An EU-wide stocktake of territorial strategies under Cohesion Policy 2021–2027 identifies more than 1,400 integrated territorial development strategies in the available dataset, with approximately EUR 41.3 billion allocated to integrated territorial development. These figures indicate that territorial integration has moved from a relatively experimental policy instrument towards a substantial component of European regional development policy.

Nevertheless, the expansion of integrated territorial instruments also raises questions about the meaning of integration itself. Combining funding streams or incorporating several sectoral interventions within a single programme does not necessarily produce integrated governance. Genuine territorial integration requires institutional coordination, shared strategic objectives, mechanisms for stakeholder participation and the capacity to align interventions across administrative and sectoral boundaries.

The OECD Recommendation on Regional Development Policy reflects this broader interpretation by emphasising the integration of a territorial perspective across sectoral policies, public investment and service provision. Regional development strategies are expected to align different policy domains while recognising the competitive advantages, institutional conditions and development needs of individual regions. Integration therefore becomes a governance principle rather than merely a financial or programming technique.

This distinction is particularly relevant for countries where integrated territorial instruments have been introduced through European funding frameworks. There is a risk that the integrated approach becomes institutionally associated primarily with procedures for project selection and resource allocation. Under such conditions, integration may remain confined to the programming period instead of becoming a permanent feature of regional governance. A broader conceptualisation is therefore required in which integrated territorial development becomes part of the institutional architecture through which public policies are designed, coordinated and evaluated.

3. Multilevel Governance and Territorial Institutions

The transition towards integrated territorial development is closely connected with the concept of multilevel governance. Regional development rarely falls within the exclusive responsibility of a single public authority.

National governments, regional bodies, municipalities, European institutions, businesses, universities and civil society organisations participate simultaneously in processes affecting territorial development.

Multilevel governance describes the vertical and horizontal relationships through which these actors coordinate their activities. Vertical coordination connects national, regional and local levels of government, while horizontal coordination concerns interaction between institutions operating at the same territorial level or across neighbouring jurisdictions. Networked governance extends this structure further by incorporating non-governmental actors into policy formulation and implementation.

The quality of these relationships influences regional policy outcomes. Decentralisation alone does not necessarily improve territorial development if subnational authorities lack sufficient administrative, analytical or financial capacity. Conversely, highly centralised policy systems may have difficulties responding to differentiated territorial conditions. Effective regional governance therefore depends on an appropriate distribution of responsibilities combined with mechanisms for coordination, information exchange and institutional learning.

Recent OECD work on place-based policy emphasises precisely this relationship between territorial differentiation and governance capacity. Effective place-based strategies require cooperation across levels of government, institutional capacity at the regional and local levels, coherent public investment and mechanisms capable of coordinating policies that affect the same territory. Monitoring and evaluation should also be embedded within the governance process rather than treated exclusively as ex-post administrative requirements.

Stakeholder participation represents another dimension of this governance architecture. Businesses, universities, civil society organisations and citizens possess forms of territorial knowledge that public administrations cannot always generate independently. Their participation can improve the identification of development problems, reveal local resources and strengthen the legitimacy of strategic decisions. The territory consequently becomes a space of negotiated development in which public authorities coordinate rather than monopolise policy action.

This interpretation corresponds with the transition identified in contemporary regional development thinking from hierarchical administration towards collaborative territorial governance. Institutions remain responsible for strategic direction and public accountability, but policy implementation increasingly depends on networks of actors whose resources, knowledge and capabilities are distributed across the territory.

4. Digital Transformation and Territorial Intelligence

Digitalisation introduces another dimension into contemporary regional governance. The development of geographic information systems, administrative databases, remote sensing, digital platforms, artificial

intelligence and real-time monitoring technologies significantly expands the amount of information available to public authorities.

Traditionally, regional planning has relied heavily on periodic statistical indicators, strategic documents and retrospective assessments. Although these instruments remain necessary, rapidly changing territorial systems increasingly require more dynamic information. Population mobility, business activity, transport flows, environmental pressures, infrastructure use and access to services can increasingly be analysed through continuously updated datasets.

This creates the conditions for what may be described as territorial intelligence: the systematic transformation of territorial data into knowledge supporting public decision-making. Territorial intelligence is not equivalent to the accumulation of digital information. Its governance value depends on the capacity to integrate data from different sectors, interpret territorial relationships and translate analytical findings into policy decisions.

Digital technologies can consequently modify several stages of the regional policy cycle. They can support territorial diagnosis by identifying spatial inequalities; improve forecasting through scenario modelling; facilitate stakeholder participation through digital platforms; strengthen monitoring of public investment; and provide early signals of demographic, economic, infrastructural or environmental change.

The increasing availability of artificial intelligence further expands these possibilities. Machine learning and predictive analytics can potentially identify patterns that are difficult to detect through conventional statistical analysis. However, technological sophistication does not automatically generate institutional intelligence. Data quality, interoperability, administrative capacity, transparency and accountability remain fundamental conditions for responsible digital governance.

The conceptual implication is that digitalisation should not be treated as a separate sector of regional development policy. Digital capacity increasingly becomes part of the governance infrastructure through which regional policies themselves are designed, implemented and evaluated.

5. Adaptive Governance and Regional Resilience

The growing frequency of economic shocks, climate-related events, demographic transformations and technological disruptions also challenges conventional models of strategic planning. Regional strategies are often developed for relatively long programming periods, while the environments in which they operate can change considerably during implementation.

Adaptive governance provides a theoretical response to this problem. Rather than assuming that policy objectives and instruments can be defined once and implemented under stable conditions, adaptive approaches emphasise monitoring, feedback, institutional learning and the capacity to revise interventions as circumstances change.



For regional development, adaptability has particular relevance because territories experience external shocks differently. Industrial restructuring may severely affect regions dependent on a narrow economic base, demographic decline may undermine service provision in peripheral territories, and climate risks may generate highly differentiated infrastructural and environmental consequences. Uniform policy responses may therefore be ineffective even when regions are exposed to the same broader transformation.

Adaptive territorial governance requires institutions capable of detecting change, evaluating its spatial consequences and modifying policy instruments accordingly. Digital territorial intelligence can strengthen this capacity by shortening the distance between territorial change and institutional response. In this sense, digitalisation and adaptability are closely connected: data provide information about changing conditions, while adaptive governance provides the institutional mechanisms through which that information can influence policy.

Regional resilience literature similarly highlights the ability of territories not only to withstand shocks but also to reorganise economic and institutional structures in response to change. Resilience should therefore not be interpreted solely as returning to a previous development trajectory. For regions experiencing structural transformation, resilience may require the capacity to generate new trajectories based on innovation, institutional learning and economic diversification.

6. Research Gap

The reviewed literature demonstrates substantial progress in understanding place-based development, integrated territorial approaches, multilevel governance, digital transformation and adaptive governance. Nevertheless, these fields are frequently examined as partially separate dimensions of regional development.

Place-based approaches emphasise territorial specificity. Integrated territorial development focuses on coordination across sectors and investment priorities. Multilevel governance addresses relationships between institutions and territorial levels. Digital governance examines the increasing role of data and technological systems in public administration, while adaptive governance focuses on institutional learning and responses to uncertainty.

What remains less developed is an integrated conceptual explanation of how these dimensions interact within a single regional governance architecture.

The research gap addressed by this article therefore concerns the transition from integrated territorial development as a policy approach towards integrated territorial governance as a governance model.

The proposed perspective assumes that effective contemporary regional development emerges from the interaction of five dimensions: territorial integration – multilevel governance – stakeholder participation – digital intelligence – adaptive policy capacity.

These dimensions should not be understood as independent components. Territorial integration requires institutional coordination; coordination depends on multilevel governance; effective governance requires participation and territorial knowledge; digital intelligence expands the capacity to generate such knowledge; and adaptive capacity allows institutions to translate new information into policy adjustment.

The interaction between these dimensions provides the theoretical foundation for the conceptual framework developed in the following section.

Figure 1. Integrated Territorial Governance Framework (ITGF)



Source: Author's conceptualization; visual representation prepared with AI-assisted design tools.

CONCEPTUAL FRAMEWORK

1. Integrated Territorial Governance as an Emerging Governance Model

The theoretical evolution of regional development indicates a gradual transition from predominantly sectoral and redistributive policies towards place-based, integrated and collaborative approaches. This transition reflects a broader transformation in the understanding of how territories develop and how public institutions influence territorial processes. Regions are increasingly recognised as complex socio-economic systems in which economic activity, infrastructure, demographic dynamics, environmental conditions, institutional capacity and technological change interact continuously.



Within such systems, development outcomes cannot be explained solely through the availability of financial resources or the implementation of individual sectoral policies. They are also influenced by the capacity of institutions to coordinate interventions, mobilise territorial knowledge, involve relevant stakeholders and respond to changing conditions. Regional development therefore becomes increasingly dependent on governance capacity.

This study conceptualises **Integrated Territorial Governance (ITG)** as a governance model through which territorially differentiated policies, institutions, stakeholders, data and adaptive decision-making mechanisms are coordinated within a common strategic framework for regional development.

The concept extends the conventional interpretation of integrated territorial development in two directions. First, integration is understood not merely as the combination of investments from different sectors but as coordination between policy objectives, institutions and territorial actors. Second, territorial governance is considered a dynamic process in which strategies can be continuously informed by new knowledge and adjusted in response to economic, demographic, technological and environmental change.

Integrated Territorial Governance is therefore positioned between strategic territorial planning and adaptive public governance. It preserves the long-term orientation of regional development strategies while introducing institutional mechanisms capable of monitoring territorial change and modifying policy responses when necessary.

2. Dimensions of the Integrated Territorial Governance Framework

Based on the theoretical discussion, the proposed **Integrated Territorial Governance Framework (ITGF)** consists of five interconnected dimensions: **territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity.**

Territorial Integration

Territorial integration represents the structural foundation of the framework. It refers to the coordination of economic, social, infrastructural, environmental and innovation policies according to the characteristics and development needs of a particular territory.

Traditional sectoral governance tends to address these areas independently. Regional development, however, results from their interaction. Infrastructure influences investment attractiveness and access to services; human capital affects innovation and productivity; environmental conditions influence quality of life and territorial attractiveness; and institutional capacity affects the implementation of interventions across all these domains.

Territorial integration therefore requires public policies to be evaluated not only according to their sectoral objectives but also according to their combined territorial effects. The territory becomes the common analytical and strategic space within which different policy interventions are coordinated.

Multilevel Governance

The second dimension concerns the institutional architecture through which territorial policies are formulated and implemented. Regional development involves multiple levels of public authority, including national governments, regional structures and municipalities. Their responsibilities frequently overlap, while financial resources, regulatory powers and implementation capacities are distributed unevenly among them.

Multilevel governance provides the vertical coordination necessary to connect these institutional levels. At the same time, horizontal coordination is required between sectoral administrations and between neighbouring territorial authorities whose development challenges may extend across administrative boundaries.

Within the ITGF, multilevel governance is therefore understood as the institutional capacity to coordinate objectives, resources and responsibilities across territorial and administrative levels.

Stakeholder Participation

Territorial development cannot be reduced to interactions between public institutions. Businesses, universities, research organisations, civil society and local communities possess resources and knowledge that influence the development potential of regions.

Stakeholder participation enables territorial governance to incorporate these distributed forms of knowledge. Businesses can provide information about investment conditions and labour market needs; universities and research institutions contribute analytical and innovation capacity; civil society organisations identify social and community challenges; and citizens provide direct knowledge of access to services and quality-of-life conditions.

Participation should therefore extend beyond formal consultation. Within integrated territorial governance, stakeholders become participants in identifying development priorities, designing interventions, implementing initiatives and evaluating outcomes.

This dimension transforms territorial governance from a predominantly administrative process into a collaborative development system.

Digital Intelligence

The fourth dimension introduces the technological and analytical capacity of territorial governance. Digital transformation has substantially expanded the ability of institutions to collect, integrate and analyse information about regional processes.

The concept of digital intelligence used in this framework refers to the capacity of territorial institutions to transform data into knowledge that can support policy decisions.

This includes the use of statistical databases, geographic information systems, administrative data, digital platforms, sensor-generated information, predictive analytics and, increasingly, artificial intelligence. These



technologies can improve territorial diagnosis, identify emerging disparities, monitor infrastructure and public services, analyse economic and demographic change and support scenario development.

Digital intelligence therefore creates a feedback mechanism between territorial conditions and public decision-making. Instead of relying exclusively on periodic strategic assessments, institutions can increasingly develop systems of continuous territorial observation.

Technology, however, remains an enabling mechanism rather than an autonomous governance solution. Its effectiveness depends on institutional capacity, data interoperability, analytical competence and the ability of decision-makers to translate information into public action.

Adaptive Policy Capacity

The fifth dimension concerns the ability of the governance system to respond to change. Regional strategies typically operate over relatively long periods, whereas territorial conditions can change rapidly as a result of economic crises, demographic shifts, technological disruptions, climate events or changes in investment patterns.

Adaptive policy capacity refers to the institutional ability to recognise these changes, assess their territorial consequences and adjust policy instruments while maintaining long-term strategic objectives.

Adaptation therefore requires monitoring, feedback, evaluation, organisational learning and flexible decision-making mechanisms. It does not imply abandoning strategic planning. Instead, it transforms planning from a predominantly static process into a continuous cycle of strategy, implementation, observation, learning and adjustment.

Digital intelligence strengthens this capacity by providing information about emerging territorial changes, while multilevel governance and stakeholder participation enable institutions to coordinate appropriate responses.

3. Interaction between the Five Dimensions

The analytical value of the proposed framework derives not only from the five individual dimensions but from their interaction.

Territorial integration defines what should be coordinated. Multilevel governance determines **who** participates institutionally in this coordination. Stakeholder participation expands **whose knowledge and resources** contribute to territorial development. Digital intelligence determines **how territorial change is observed and interpreted**, while adaptive policy capacity determines **how governance responds to this information**.

The five dimensions consequently form a continuous governance process:

Territorial Integration → Multilevel Governance → Stakeholder Participation → Digital Intelligence → Adaptive Policy Capacity → Territorial Development Outcomes



The relationship should not be interpreted as strictly linear. Territorial development outcomes generate new information and policy challenges, creating feedback that influences subsequent planning and decision-making. The ITGF should therefore be understood as a cyclical governance architecture.

The framework assumes that weaknesses in one dimension can reduce the effectiveness of the entire governance system. Advanced digital infrastructure, for example, may generate limited policy value where institutional coordination is weak. Extensive stakeholder participation may produce little impact if consultation is disconnected from decision-making. Similarly, integrated strategies may remain largely formal documents when institutions lack mechanisms for monitoring and adaptation.

The central proposition can therefore be formulated as follows:

P1. The effectiveness of integrated territorial governance depends on the combined institutional capacity for territorial integration, multilevel coordination, stakeholder participation, digital intelligence and adaptive policy-making rather than on the isolated development of any individual dimension.

A second proposition follows from the relationship between digitalisation and adaptation:

P2. Digital intelligence strengthens regional governance when territorial data are institutionally integrated into monitoring, forecasting and adaptive policy processes.

Finally, the governance interpretation of territorial integration leads to a third proposition:

P3. The transition from sectoral regional policy towards integrated territorial governance increases the capacity of public institutions to respond to territorially differentiated development challenges.

4. From Integrated Territorial Development to Intelligent and Adaptive Territorial Governance

The proposed framework represents a progression in the conceptual understanding of regional development governance.

The first stage can be characterised as **sectoral regional policy**, in which interventions are predominantly organised through individual policy domains.

The second stage corresponds to **integrated territorial development**, where different sectoral interventions are coordinated around territorial strategies and investment priorities.

The third stage represents **integrated territorial governance**, where integration extends from investments to institutions, stakeholders and decision-making processes.

The emerging fourth stage may be described as **intelligent and adaptive territorial governance**, where integrated governance is supported by continuous territorial intelligence, predictive analysis and institutional mechanisms capable of adapting policies to changing conditions.

This evolution can be expressed conceptually as:

**Sectoral Regional Policy → Integrated Territorial Development → Integrated Territorial Governance
→ Intelligent and Adaptive Territorial Governance**

The transition does not imply that previous approaches disappear. Rather, each stage adds new governance capabilities. Sectoral expertise remains necessary, integrated development provides coordination, territorial governance establishes institutional interaction, and intelligent adaptive governance introduces continuous learning and responsiveness.

The ITGF therefore provides a conceptual bridge between contemporary place-based regional policy and the emerging possibilities of digital and adaptive public governance. Its principal implication is that the future effectiveness of regional development policy will increasingly depend not only on the quantity of resources allocated to territories but on the capacity of territorial governance systems to integrate policies, institutions, stakeholders and knowledge while adapting to continuous change.

METHODOLOGY**1. Research Design**

The study applies a conceptual and qualitative research design aimed at developing an analytical framework for understanding the transition from integrated territorial development towards integrated territorial governance. The research does not seek to measure regional performance through a composite quantitative indicator. Instead, it examines the institutional and governance mechanisms through which territorial integration can be transformed from a predominantly programme-based approach into a broader model of regional policy coordination.

The methodological design combines three analytical components: a structured conceptual synthesis of the regional development literature, an institutional analysis of the governance architecture of regional development, and the construction of the Integrated Territorial Governance Framework (ITGF).

The conceptual synthesis identifies the theoretical relationships between place-based development, integrated territorial approaches, multilevel governance, stakeholder participation, digitalisation and adaptive governance. These research fields provide the analytical foundation for defining the five dimensions incorporated into the ITGF.

The institutional analysis examines how these dimensions are reflected in the contemporary regional development system, with Bulgaria used as an institutional case. The Bulgarian case is relevant because the country combines persistent territorial disparities with an evolving system of integrated territorial planning, multilevel institutional coordination and European Cohesion Policy instruments. This provides an appropriate setting for examining the difference between formal territorial integration and the broader institutional requirements of integrated territorial governance.

The third methodological component consists of conceptual framework development. Relationships identified through the theoretical and institutional analysis are synthesised into a governance architecture structured around five interconnected dimensions: territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity.

2. Analytical Dimensions

The analytical framework is operationalised through five dimensions corresponding to the conceptual model developed in the previous section.

Territorial integration is examined through the extent to which economic, social, infrastructural, environmental and innovation priorities are coordinated within territorially defined development strategies.

Multilevel governance concerns the distribution and coordination of responsibilities between national, regional and local institutions, including mechanisms for vertical and horizontal policy coordination.

Stakeholder participation addresses the involvement of municipalities, businesses, universities, civil society organisations and local communities in identifying priorities, designing interventions and participating in territorial decision-making.

Digital intelligence refers to the institutional use of territorial data, geographic information systems, digital platforms, analytical instruments and emerging technologies to support diagnosis, monitoring and evidence-based decision-making.

Adaptive policy capacity concerns the ability of institutions to monitor territorial change, evaluate policy outcomes, learn from implementation and modify interventions in response to changing socio-economic, demographic, technological and environmental conditions.

These dimensions are not treated as independent variables. They are interpreted as mutually reinforcing governance capacities whose interaction determines the ability of a territorial governance system to coordinate development processes.

3. Institutional Case of Bulgaria

Bulgaria is used as an institutional case through which the applicability of the proposed framework is explored. The analysis focuses on the architecture of regional development policy rather than on the comparative performance of individual Bulgarian regions.

The institutional examination considers the interaction between national regional policy, planning regions, regional development councils, municipalities and stakeholder structures involved in integrated territorial development. Particular attention is given to the implementation of integrated territorial approaches and the extent to which they create mechanisms for coordination across policy sectors and levels of government.

The analytical distinction between **formal integration and governance integration** is central to the case analysis. Formal integration refers to the existence of strategies, procedures, partnership structures and

mechanisms allowing different interventions or financial resources to be combined. Governance integration requires an additional capacity to coordinate institutions continuously, incorporate territorial knowledge, use data in decision-making and adapt interventions during implementation.

This distinction enables the Bulgarian case to be examined not in terms of whether integrated territorial instruments formally exist, but in terms of the institutional conditions required for their evolution towards integrated territorial governance.

4. Analytical Procedure

The analytical procedure follows four stages.

First, the theoretical foundations of contemporary regional development are synthesised to identify the governance principles associated with place-based and integrated territorial approaches.

Second, these principles are grouped according to their functional role in territorial governance. This process produces the five dimensions of the ITGF.

Third, the dimensions are applied as an analytical lens to the institutional architecture of regional development in Bulgaria. The analysis identifies areas in which elements of integrated territorial governance are already present and areas where institutional fragmentation, limited information integration or insufficient adaptive capacity may restrict their effectiveness.

Fourth, the relationships between the five dimensions are synthesised into the Integrated Territorial Governance Framework. The framework is subsequently used to interpret the transition from sectoral regional policy towards intelligent and adaptive territorial governance.

The methodological process can therefore be expressed as:

Theoretical Synthesis → Identification of Governance Dimensions → Institutional Analysis → Framework Development → Policy Interpretation

5. Methodological Scope and Limitations

The proposed methodology has an exploratory and conceptual character. The ITGF is intended to establish a theoretical structure that can subsequently be operationalised and empirically tested rather than to provide a final quantitative measurement of territorial governance performance.

The Bulgarian case is used to explore the institutional relevance of the framework, but the study does not claim that the identified governance relationships are unique to Bulgaria. The conceptual architecture is designed to be transferable to other regional development systems, particularly within the European Union, although its applicability should be tested through comparative research.

A further limitation concerns the operationalisation of digital intelligence and adaptive policy capacity. Both dimensions involve institutional characteristics that may be difficult to capture through conventional

regional statistics. Future research could therefore develop measurable indicators for each ITGF dimension and test their relationships with regional development outcomes.

These limitations also indicate the next stage of the research agenda. The conceptual framework developed in this study can provide the basis for an **Integrated Territorial Governance Index (ITGI)** through which governance capacity could be measured comparatively across regions and over time.

RESULTS

1. The Bulgarian Transition towards Integrated Territorial Governance

The institutional analysis indicates that Bulgaria has entered a transition from predominantly centralised and sector-oriented regional policy towards a more integrated and place-based model. This transition has been stimulated by changes in the national regional development framework and by the territorial orientation of EU Cohesion Policy for the 2021–2027 programming period. The reform of the Regional Development Act strengthened the territorial dimension of sectoral policies, introduced stronger mechanisms for cross-sectoral coordination and reinforced the role of integrated territorial instruments within regional development policy (OECD, 2021a).

The change is significant because previous regional development arrangements were characterised by strong centralisation and relatively limited subnational influence over policy design. The OECD assessment of Bulgaria identified persistent territorial disparities alongside insufficient decentralisation and weaknesses in coordination across levels of government. It consequently recommended a stronger place-based approach supported by enhanced regional and municipal capacity and more effective multilevel governance mechanisms (OECD, 2021a).

The current policy architecture demonstrates movement in this direction. Regional development planning has been organised around national, NUTS 2 regional and municipal levels, while Integrated Territorial Strategies and Integrated Municipal Development Plans provide strategic frameworks through which territorial priorities can be articulated. Regional Development Councils have also acquired an expanded role in the implementation of integrated territorial approaches and the coordination of actors involved in regional development (OECD, 2021a).

The Programme Development of Regions 2021–2027 further institutionalises this transition. Approved by the European Commission in December 2022, the programme places integrated urban and territorial development at the centre of regional investment policy. It applies integrated territorial development instruments intended to improve investment targeting, strengthen cross-sectoral dialogue and encourage partnerships between local stakeholders (MRDPW, 2022; European Commission, 2022).

The institutional evidence therefore supports the conclusion that Bulgaria has established many of the **formal foundations of integrated territorial development**. The more difficult transition concerns their evolution into a permanent system of integrated territorial governance.

2. Territorial Integration

The first ITGF dimension reveals considerable formal progress. The current regional development framework explicitly seeks to combine interventions in areas that were traditionally treated through separate sectoral policies.

The Programme Development of Regions 2021–2027 covers investments related to transport, education, healthcare, social and cultural infrastructure, energy efficiency, sustainable urban mobility, tourism, green urban environments and economic activity (MRDPW, 2022). This structure reflects an understanding that regional development outcomes emerge through the interaction of multiple policy domains rather than through isolated sectoral interventions.

Integrated Territorial Strategies for the NUTS 2 planning regions provide an additional mechanism for connecting these interventions to territorially defined development priorities. The resulting architecture represents a movement from sector-oriented programming towards territorially coordinated investment.

However, the existence of integrated strategies does not automatically ensure integrated implementation. The analytical distinction introduced in this study between formal integration and governance integration is therefore relevant. Formal integration can be achieved through common strategies, procedures and investment packages. Governance integration requires continuous coordination between institutions responsible for different policy sectors and an institutional capacity to resolve conflicts between sectoral objectives.

The Bulgarian system can consequently be interpreted as having developed a relatively advanced formal architecture of territorial integration while still facing the longer-term challenge of embedding territorial coordination into routine public governance.

3. Multilevel Governance

The second dimension demonstrates both institutional progress and structural limitations.

Regional development in Bulgaria involves national ministries, Regional Development Councils and municipalities, but the country has historically maintained a comparatively centralised governance structure. OECD analysis has identified fiscal decentralisation and the allocation of responsibilities across government levels as areas where further development is required. It also emphasises that effective place-based regional policy depends on stronger coordination mechanisms and greater capacity among regional and local actors (OECD, 2021a).



The reformed role of Regional Development Councils represents an attempt to strengthen the intermediate territorial level. Their participation in integrated territorial processes creates a platform through which national policy objectives can interact with regional and municipal priorities.

This institutional development is important because integrated territorial governance requires more than administrative decentralisation. It requires a functional system of vertical coordination in which national, regional and municipal institutions can exchange information, negotiate priorities and coordinate investments.

The analysis therefore identifies multilevel governance as one of the decisive transition areas for Bulgaria. The institutional structures increasingly exist, but their effectiveness depends on whether Regional Development Councils and municipalities develop sufficient analytical, administrative and coordination capacity to influence regional development beyond individual funding procedures.

4. Stakeholder Participation

The third ITGF dimension has become increasingly visible in the Bulgarian integrated territorial model.

The Programme Development of Regions provides opportunities for regional and local authorities to identify and prioritise investments according to territorial needs and to establish partnerships with stakeholders at the local level (European Commission, 2022). Integrated territorial development therefore creates institutional space for cooperation between municipalities, businesses, public organisations and other actors.

This represents a departure from regional development models dominated primarily by interaction between central administration and individual municipalities. Territorial partnerships make it possible to formulate interventions around shared development challenges rather than individual administrative jurisdictions.

The governance significance of stakeholder participation, however, depends on the depth of involvement. Consultation and participation in project partnerships represent an initial level. A more developed model requires stakeholders to contribute systematically to territorial diagnosis, strategic priority-setting, monitoring and evaluation.

The ITGF therefore distinguishes between participatory procedures and participatory governance. The former provides opportunities for stakeholders to express positions or participate in particular initiatives. The latter incorporates stakeholder knowledge into the continuous process through which territorial policies are formulated and adapted.

The Bulgarian integrated territorial system provides institutional mechanisms that can support such development, although their long-term governance impact will depend on whether partnerships persist beyond individual calls for funding and project cycles.

5. Digital Intelligence

Digital intelligence emerges as a less institutionally consolidated dimension of the current territorial governance architecture.



Contemporary regional development increasingly depends on the ability to combine demographic, economic, infrastructural, environmental and spatial information. Bulgaria possesses extensive administrative and statistical data systems, while geographic information technologies and digital public services have expanded the technical possibilities for territorial analysis. Nevertheless, the presence of digital information should not be equated with territorial intelligence.

The ITGF defines digital intelligence as the institutional capacity to integrate territorial data and transform them into knowledge supporting strategic decisions. This requires interoperability between datasets, analytical competence and mechanisms connecting information systems with regional planning and policy implementation.

The Bulgarian case suggests that this represents an important next stage of integrated territorial development. Current territorial strategies are predominantly organised around programming and planning cycles. A more advanced governance model would supplement these mechanisms with continuously updated territorial information capable of identifying demographic change, economic restructuring, accessibility problems, environmental pressures and emerging infrastructure needs.

Such a development would transform digitalisation from a supporting administrative function into an analytical component of regional governance.

The potential relevance is particularly strong given Bulgaria's territorial dynamics. Regional demographic decline remains pronounced in several parts of the country, while population and economic activity are increasingly concentrated in stronger urban and metropolitan areas. Eurostat regional evidence continues to identify significant demographic pressures in Bulgarian regions, including population decline and negative natural change (Eurostat, 2024). These processes increase the need for more dynamic territorial monitoring and forward-looking policy analysis.

6. Adaptive Policy Capacity

The fifth dimension appears to represent the largest conceptual difference between conventional strategic planning and the model proposed in this study.

Regional development strategies establish medium- and long-term priorities, but territorial conditions can change considerably during their implementation. Demographic decline, migration, investment decisions, technological change, climate pressures and external economic shocks may alter the assumptions on which strategies were originally developed.

Adaptive territorial governance therefore requires mechanisms through which monitoring and evaluation can lead to policy adjustment.

The Bulgarian regional development framework contains strategic planning, monitoring and evaluation mechanisms, but the ITGF implies a more continuous interpretation of adaptation. Instead of evaluation being

predominantly associated with reporting on programme implementation, territorial monitoring should function as a feedback mechanism informing future decisions.

This becomes particularly relevant because Bulgarian territorial disparities are not static. OECD research shows that regions containing large cities have been important drivers of growth, while many rural areas experience depopulation and population ageing, creating differentiated demands for infrastructure, public services and economic development policies (Hermansen, 2021).

A uniform regional policy response is therefore unlikely to be sufficient. Different territorial trajectories require institutions capable of modifying instruments according to emerging conditions.

7. Overall Assessment through the ITGF

Application of the five ITGF dimensions reveals an uneven transition towards integrated territorial governance.

The strongest institutional progress can be identified in **territorial integration**, where integrated strategies and territorial investment instruments have created a formal architecture for coordinating interventions. Progress is also evident in **stakeholder participation and multilevel governance**, particularly through the expanded role of Regional Development Councils and territorial partnerships.

By contrast, **digital intelligence** and **adaptive policy capacity** remain areas with considerable potential for further institutional development. These dimensions determine whether integrated territorial governance can evolve beyond strategic coordination towards a system capable of learning from territorial change and adapting policy responses.

The results therefore suggest three analytically distinguishable stages in the Bulgarian case:

Stage I – Formal Territorial Integration

Integration of strategies, funding instruments and sectoral priorities.

Stage II – Governance Integration

Coordination between institutions, government levels and territorial stakeholders.

Stage III – Intelligent and Adaptive Territorial Governance

Continuous integration of territorial data, monitoring, forecasting, institutional learning and adaptive policymaking.

Bulgaria can currently be interpreted as moving between the first and second stages. The institutional foundations for integrated territorial development have been established, while the transition towards a fully integrated governance model remains dependent on stronger multilevel coordination, institutional capacity and the systematic incorporation of territorial intelligence and adaptive mechanisms.

The findings therefore support the central proposition of the study: the effectiveness of integrated territorial development cannot be determined solely by the existence of territorial strategies or integrated investment



instruments. Its long-term impact depends on whether integration becomes embedded within the governance system itself.

DISCUSSION

The results indicate that the transition towards integrated territorial governance should be understood as an institutional transformation rather than merely as an expansion of integrated investment instruments. The Bulgarian case demonstrates that territorial strategies, integrated funding mechanisms and stakeholder structures can establish the formal foundations of integration, while the development of a fully integrated governance system requires additional institutional capacities related to coordination, territorial intelligence and policy adaptation.

This finding corresponds with the broader evolution of place-based regional policy. Barca, McCann and Rodríguez-Pose (2012) argue that development interventions should respond to territorially differentiated conditions and mobilise local knowledge rather than rely predominantly on spatially blind policies. More recent OECD analysis extends this perspective by emphasising that effective place-based policies require coordination across policy sectors and levels of government and should be supported by appropriate institutional capacity (OECD, 2025).

The findings of the present study extend this discussion by suggesting that territorial differentiation alone is insufficient. A place-based policy can recognise territorial characteristics without necessarily creating an institutional architecture capable of coordinating policies continuously. Integrated Territorial Governance therefore adds a governance dimension to the place-based approach by focusing on how territorial knowledge is transformed into coordinated and adaptive public action.

1. From Policy Integration to Governance Integration

One of the main theoretical implications concerns the meaning of integration in regional policy.

The European territorial development framework has substantially expanded the use of integrated instruments. Under Cohesion Policy 2021–2027, more than 1,400 territorial strategies have been identified across the European Union, supported by approximately EUR 41.3 billion in planned investment (European Commission, Joint Research Centre, 2025). This demonstrates that integrated territorial development has become an established component of European regional policy rather than an experimental instrument.

However, increasing the number of integrated strategies does not necessarily produce an equivalent increase in governance integration.

The distinction proposed in this article between **formal territorial integration** and **governance integration** therefore represents an important analytical contribution.

Formal territorial integration can be observed when different investment priorities, funding instruments and sectoral interventions are incorporated within common territorial strategies. Governance integration occurs when institutions, policy sectors, stakeholders and information systems operate through continuous mechanisms of coordination.

This distinction helps explain why integrated territorial instruments may produce different results across regions even when they operate within the same European regulatory framework. Institutional capacity, administrative culture, decentralisation, stakeholder networks and access to territorial knowledge influence the ability of territories to transform integrated strategies into coordinated development processes.

The Bulgarian case illustrates this difference. The country has established an increasingly integrated strategic and investment framework, but the longer-term effectiveness of this architecture will depend on whether coordination becomes embedded in routine governance rather than remaining predominantly associated with programme implementation.

2. Regional Development as an Institutional Capacity

A second implication concerns the relationship between regional development and institutional capacity.

Traditional regional policy frequently focuses on the distribution of financial resources, infrastructure investment and economic incentives. These instruments remain necessary, particularly in territories affected by structural disadvantages. The ITGF, however, suggests that regional development also depends on the capacity of institutions to combine and adapt these resources.

This interpretation corresponds with research emphasising the role of institutions in explaining regional development differences. Rodríguez-Pose (2013) argues that institutions represent a fundamental element of regional development and that weak institutional environments can undermine the effectiveness of development interventions. Institutional quality affects the capacity to design policies, coordinate actors and transform investment into sustainable territorial outcomes.

The ITGF develops this argument further by distinguishing several components of governance capacity. Multilevel coordination determines whether different government levels can align their interventions. Stakeholder participation determines whether territorial knowledge can enter policy processes. Digital intelligence affects the ability to identify and analyse territorial change, while adaptive capacity determines whether institutions can respond to that change.

Regional governance capacity can therefore be interpreted as a multidimensional development resource.

This has important implications for regional policy. Regions should not be assessed exclusively according to economic indicators, infrastructure or demographic characteristics. Their ability to govern development processes should also be considered. Two territories with comparable financial resources may achieve

different development outcomes if their institutional capacities for coordination, learning and adaptation differ substantially.

3. Digital Intelligence as a Governance Capacity

The inclusion of digital intelligence within the ITGF represents another contribution of the proposed framework.

Digitalisation is frequently discussed in regional development through infrastructure, broadband connectivity, digital public services, smart cities or innovation ecosystems. These remain relevant policy areas, but they capture only part of the relationship between digital transformation and territorial development.

The present study interprets digitalisation additionally as a **governance capability**.

The increasing availability of administrative data, geospatial information, sensor-generated information, digital platforms and artificial intelligence creates opportunities for more continuous observation of territorial processes. Such capabilities can potentially shorten the period between the emergence of a territorial problem and its recognition by public institutions.

This transformation is particularly relevant for regions experiencing rapid demographic or economic change. Traditional statistical systems often provide highly reliable information but with time delays that may limit their usefulness for adaptive decision-making. Combining official statistics with interoperable administrative and geospatial information can support more dynamic territorial diagnosis.

The policy challenge therefore moves from the availability of data towards the institutional ability to integrate, interpret and use them.

The concept of digital intelligence captures this transition. A territory becomes digitally intelligent not simply when it possesses digital infrastructure but when its governance institutions can transform data into knowledge and knowledge into decisions.

This distinction also prevents technological determinism. Artificial intelligence and predictive analytics cannot substitute for institutional coordination or political responsibility. Their contribution depends on governance structures capable of interpreting analytical outputs, evaluating uncertainty and connecting technological information with legitimate public decision-making.

4. Adaptive Governance and the Temporal Dimension of Regional Policy

The fifth ITGF dimension introduces a temporal perspective into territorial governance.

Regional development strategies generally define objectives over medium- or long-term periods. The assumptions underlying these strategies, however, may change considerably before their implementation is completed. Economic crises, migration, demographic decline, technological restructuring, climate events and geopolitical disruptions can alter regional development trajectories.

This creates a tension between strategic continuity and policy flexibility.



Adaptive governance provides a mechanism for addressing this tension. It does not imply continuous modification of strategic objectives but rather the capacity to adjust instruments and implementation mechanisms when new evidence demonstrates that territorial conditions have changed.

The relationship between digital intelligence and adaptive capacity is therefore central to the proposed framework. Digital systems provide information, while adaptive governance determines whether institutions can respond to it.

This creates a feedback structure:

Territorial Change → Data → Territorial Intelligence → Institutional Learning → Policy Adaptation → New Territorial Outcomes

The process then begins again as new outcomes generate new territorial information.

Regional policy can consequently evolve from periodic planning towards a model of continuous territorial learning.

5. Implications for Regional Development Policy in Bulgaria

The Bulgarian case suggests several implications for the future development of regional policy.

First, integrated territorial approaches should increasingly be treated as a permanent governance principle rather than primarily as instruments associated with Cohesion Policy programming periods. European funding can provide the financial architecture for territorial integration, but the institutional relationships created through integrated approaches should continue to operate beyond individual programmes and projects.

Second, the role of Regional Development Councils could evolve further from participation in territorial investment procedures towards stronger platforms for strategic coordination, territorial monitoring and policy dialogue. Such development would reinforce the intermediate governance level between national policy and municipal implementation.

Third, municipalities require sufficient analytical and administrative capacity to participate effectively in integrated governance. Territorial integration cannot operate exclusively through central institutions because local governments possess direct knowledge of local development conditions and provide many of the services that determine territorial quality of life. OECD analysis of Bulgaria similarly emphasises the need to strengthen subnational capacity and improve coordination across government levels (OECD, 2021).

Fourth, Bulgaria could benefit from developing a more integrated system of territorial intelligence. Existing statistical, administrative and geospatial datasets could increasingly be connected to regional planning processes through common territorial dashboards and analytical platforms. Such systems could support continuous monitoring of demographic change, investment activity, accessibility, labour market dynamics, infrastructure and environmental pressures.



Fifth, monitoring should increasingly be linked to adaptation. Regional development strategies should contain mechanisms allowing interventions to be reconsidered when territorial indicators demonstrate significant deviations from expected trajectories.

These changes would move the system from integrated territorial programming towards integrated territorial governance.

6. Broader European Implications

Although the institutional analysis focuses on Bulgaria, the conceptual implications extend beyond the national case.

European regions operate under common Cohesion Policy principles but differ substantially in institutional capacity, decentralisation, economic structure, demographic trajectories and governance traditions. The same territorial instrument may therefore produce different outcomes depending on the governance environment in which it is implemented.

The ITGF offers a framework for examining these differences.

Rather than asking only whether a region uses integrated territorial instruments, future comparative research can examine whether it possesses the five governance capacities identified in this study. This shifts the analytical question from: **Does the territory implement an integrated strategy?** towards: **Does the territory possess the governance capacity to make integration work?**

This distinction may help explain variations in the effectiveness of place-based development policies across European territories.

The framework also suggests that the next stage of European territorial policy may involve a transition from place-based policy towards data-informed adaptive place-based governance. Such a development would retain the territorial sensitivity of contemporary Cohesion Policy while strengthening institutional learning, digital intelligence and responsiveness to territorial change.

The proposed Integrated Territorial Governance Framework therefore does not replace existing approaches to regional development. It connects them within a broader governance architecture and introduces the institutional and technological capacities required for their continued evolution.

CONCLUSION

Regional development is entering a period in which the effectiveness of public policy increasingly depends not only on the allocation of financial resources but also on the capacity of institutions to understand, coordinate and respond to complex territorial processes. Digital transformation, demographic change, climate pressures, economic restructuring and persistent spatial inequalities are creating development conditions that cannot be addressed effectively through fragmented sectoral interventions and relatively static planning



mechanisms. This study therefore examined how integrated territorial governance can provide a conceptual framework for transforming regional development policy in the digital era.

The analysis demonstrates that integrated territorial development should be interpreted as more than the coordination of investment priorities or the combination of different funding instruments within territorially defined strategies. Although such mechanisms represent an important step beyond conventional sectoral policy, their effectiveness ultimately depends on the governance environment in which they operate. Integration becomes meaningful when institutions, policies, stakeholders and territorial knowledge are connected through mechanisms capable of supporting coordinated and adaptive decision-making.

To explain this transition, the study developed the **Integrated Territorial Governance Framework (ITGF)** based on five interconnected dimensions: territorial integration, multilevel governance, stakeholder participation, digital intelligence and adaptive policy capacity. The framework assumes that these dimensions operate as mutually reinforcing governance capacities rather than as independent components. Territorial integration provides the spatial and policy foundation; multilevel governance connects institutional responsibilities; stakeholder participation incorporates distributed territorial knowledge and resources; digital intelligence transforms data into information for decision-making; and adaptive policy capacity enables institutions to respond to changing territorial conditions.

The theoretical contribution of the study lies primarily in extending the concept of integration from the field of territorial investment towards the broader architecture of regional governance. A distinction is introduced between **formal territorial integration** and **governance integration**. The former can be achieved through integrated strategies, programmes, procedures and financial instruments, whereas the latter requires continuous institutional coordination, knowledge exchange, stakeholder involvement, monitoring and policy adaptation. This distinction contributes to explaining why territories operating under comparable policy frameworks may achieve different development outcomes.

A further contribution concerns the role of digital transformation. Rather than treating digitalisation exclusively as a sectoral development objective, the ITGF conceptualises **digital intelligence as a governance capacity**. The ability to integrate statistical, administrative and geospatial information and transform it into territorial knowledge can improve diagnosis, monitoring, forecasting and policy evaluation. The contribution of digital technologies therefore depends not merely on their technical availability but on the institutional capacity to incorporate information into legitimate and accountable decision-making.

The institutional analysis of Bulgaria illustrates the practical relevance of this distinction. The country has developed many of the formal components required for integrated territorial development, including integrated strategies, territorial investment instruments, Regional Development Councils and mechanisms for stakeholder involvement. These developments indicate movement away from exclusively sectoral and



centrally oriented approaches towards a more territorially differentiated model of regional development. At the same time, the analysis suggests that the transition towards integrated territorial governance remains incomplete. Strengthening multilevel coordination, institutional capacity, territorial intelligence and adaptive policy mechanisms represents the next stage of this transformation.

The Bulgarian case therefore demonstrates a broader challenge relevant to European regional policy. The existence of integrated territorial instruments does not automatically generate integrated governance. Their effectiveness depends on whether the institutional relationships created through programmes and projects become embedded within the permanent architecture of public governance. Integrated territorial development should consequently evolve from a programming instrument towards a continuous method of coordinating policies around territorial needs and opportunities.

From a policy perspective, the results suggest that future regional development systems should place greater emphasis on institutional capacity alongside financial investment. Regional and local authorities require analytical capabilities, mechanisms for horizontal and vertical coordination and access to interoperable territorial information. Stakeholder participation should extend beyond formal consultation towards continuous involvement in identifying development challenges, designing interventions and evaluating outcomes. Monitoring systems should similarly evolve from predominantly reporting-oriented mechanisms towards feedback systems capable of supporting policy adaptation.

These developments point towards a broader evolution of regional policy. The trajectory identified in this study can be expressed as a transition from **sectoral regional policy**, through **integrated territorial development** and **integrated territorial governance**, towards **intelligent and adaptive territorial governance**. Each stage adds new capabilities without eliminating the functions of the previous one. Sectoral expertise remains necessary, territorial integration coordinates interventions, governance integration connects institutions and stakeholders, while intelligent and adaptive governance introduces continuous learning and responsiveness.

The study has several limitations. The proposed framework is conceptual and its application to Bulgaria is based on institutional analysis rather than quantitative testing. The five dimensions of the ITGF therefore require further operationalisation before their relationships with regional development outcomes can be empirically assessed. Moreover, the Bulgarian case cannot independently demonstrate the transferability of the framework across different institutional and territorial systems.

These limitations define a future research agenda. A subsequent stage should develop measurable indicators for each of the five ITGF dimensions and construct an **Integrated Territorial Governance Index (ITGI)**. Such an instrument could enable comparative assessment of governance capacity across regions and provide empirical evidence regarding the relationship between integrated governance and regional



development performance. Comparative application across European regions could further test whether differences in governance capacity help explain variations in the effectiveness of place-based and integrated territorial policies.

The principal conclusion of the study is that the future of regional development will increasingly depend on the capacity of territories not only to attract and allocate resources but also to govern complexity. Regions capable of integrating policies, institutions, stakeholders and territorial knowledge while learning and adapting to change will be better positioned to respond to emerging economic, demographic, technological and environmental challenges. Integrated territorial governance can therefore be understood as a transition from managing regional development programmes towards building territorial systems capable of continuously understanding, coordinating and shaping their own development trajectories.

Conflict of interests: The author declares no conflict of interest

Author Contributions: Conceptualization, methodology, formal analysis, investigation, data curation, writing—original draft preparation, writing—review and editing, visualization, supervision – G.N.

The author has read and agreed to the published version of the manuscript.

Funding /Acknowledgement: not applicable

Institutional Review Board Statement: not applicable

Informed Consent Statement: Informed consent was obtained from all the participants involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy issues.

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